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OCI No. 2698/63

CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
27 August 1963

CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: Insurgency in South Vietnam and Laos

1. South Vietnam

a. The declaration of martial law and the raids on the Buddhist pagodas appear to have been directed by President's Diem's brother, Ngo Dinh Nhu, whose position within the regime has been significantly strengthened, at least temporarily. Opposition from the Buddhists, students, and some elements of the military leadership make the situation highly precarious. Further serious demonstrations and deterioration of public order are possible at any time.

b. Although the military appear to be divided in their loyalties, and we have no firm evidence that they are planning any imminent moves against the Nhu, the prospects for some military move against the regime have probably increased. In any case, the continuation of the crisis and a prolonged use of military forces in support of the enforcement of martial law will almost certainly have an adverse effect on the prosecution of operations against the Viet Cong.

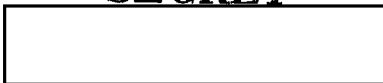
c. There has been no apparent Viet Cong military reaction, although it is likely that they will seek to step up their operations in any areas from which South Vietnamese forces may be diverted.

2. Laos

a. Although major military action appears to have been inhibited by monsoon rains, the opposing forces are conducting limited probing and clearing operations. In northern Laos, Pathet Lao forces

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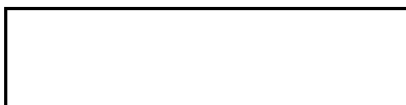
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on 19 August forced the evacuation of a Neutralist outpost at Pha Tang, about 10 miles north of Vang Vieng. Phoumi's forces, meanwhile, have initiated a mop-up operation against Pathet Lao pockets in the region southwest of Saravane in southern Laos.

b. Pathet Lao cabinet member Phoumi Vongvichit has returned to Vientiane after an absence of four months, claiming "full powers" to conduct negotiations for Prince Souphannouvong, the Pathet Lao leader. There is no information as to what specific proposals the Pathet Lao may be about to put forward. However, Vongvichit's return to the capital suggests that the Pathet Lao may at least temporarily be shifting emphasis from military pressure to political maneuvering.

-2-

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